

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
W. R. GRACE & CO., et al.,¹⁾ Case No. 01-01139 (JJF)
) (Jointly Administered)
)
Debtors.)

**SUMMARIZED INTERIM FEE APPLICATION OF STEPTOE & JOHNSON LLP FOR
COMPENSATION FOR SERVICES AND REIMBURSEMENT OF EXPENSES
AS SPECIAL TAX COUNSEL TO W. R. GRACE & CO., ET AL., FOR
THE MONTHLY INTERIM PERIOD
FROM JULY 1, 2006 to JULY 31, 2006
THE QUARTER OF JULY - SEPTEMBER 2006**

Name of Applicant: Step toe & Johnson LLP

Authorized to Provide Professional Services to: W.R. Grace & Co. et al. Debtors and Debtors in Possession

Date of Retention: Order entered January 28, 2002 effective as of July 1, 2001

Period for Which Compensation and Reimbursement is Sought: July 1, 2006 – July 31, 2006

Objection Deadline: December 26, 2006

Total Amount of Fees Sought as Actual, Reasonable and Necessary for Applicable Period: \$15,602.50

Total Expense Reimbursement Sought as Actual, Reasonable and Necessary for Applicable Period: \$88.56

80% of Fees Sought as Actual, Reasonable and Necessary for Applicable Period: \$12,482.00

Total Amount of Holdback Fees Sought for Applicable Period: \$3,120.50

This is a X monthly X interim ___ final application.

¹ The Debtors consist of the following 62 entities: W. R. Grace & Co. (f/k/a Grace Specialty Chemicals, Inc.), W. R. Grace & Co.-Conn., A-I Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (f/k/a Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food 'N Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (f/k/a Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., G C Limited Partners I, Inc. (f/k/a Grace Cocoa Limited Partners I, Inc.), G C Management, Inc. (f/k/a Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc., GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (f/k/a Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W. R. Grace Capital Corporation, W. R. Grace Land Corporation, Gracoal, Inc., Gracoal II, Inc., Guanica-Caribe Land Development Corporation, Hanover Square Corporation, Homco International, Inc., Kootenai Development Company, L B Realty, Inc., Litigation Management, Inc. (f/k/a GHSC Holding, Inc., Grace JVH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (f/k/a Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (f/k/a Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (f/k/a British Nursing Association, Inc.), Remedium Group, Inc. (f/k/a Environmental Liability Management, Inc., E&C Liquidating Corp., Emerson & Cuming, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (f/k/a Cross Country Staffing), Hayden-Gulch West Coal Company, H-G Coal Company.

The total time expended for the preparation of this application is approximately 3 hours, and the corresponding estimated compensation that will be requested in a future application is approximately \$1,485.00.

This application is the 49th application for interim compensation of services filed by S&J. Note that for the first four applications, approved expenses are slightly less than requested expenses because S&J mistakenly requested more than .15 a page for copying costs and \$1.00 a page for facsimile costs in its March 29, 2002 applications. The amounts requested for reimbursement from Debtors were reduced by this excess. Prior to the entry of the order of this Court dated January 28, 2002 S&J was compensated by the Debtor pursuant to the Court's Order of May 3, 2001 authorizing Debtors to pay professionals in the ordinary course of business, and S&J was paid \$50,000 for each of the periods July 1, 2001 through July 31, 2001 and for September 1, 2001 through September 30, 2001. As a result, S&J requested reimbursement for the excess of those amounts over the \$50,000 previously paid with respect to those months.

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees (80%)	Approved Expenses	Holdback Fees
03/29/02	07/01/01 – 07/31/01	\$57,542.50	\$3,135.22	\$46,034.00	\$3,032.12	\$10,574.62
03/29/02	09/01/01 – 09/30/01	\$75,710.50	\$4,130.52	\$60,568.40	\$4,077.17	\$15,142.10
03/29/02	11/01/01 – 11/30/01	\$28,941.00	\$ 638.26	\$23,152.80	\$ 627.16	\$ 5,788.20
03/29/02	12/01/01 – 12/31/01	\$ 3,275.00	\$ 9.77	\$ 2,620.00	\$ 8.72	\$ 655.80
05/09/02	10/01/01 – 10/31/01	\$36,497.00	\$ 330.84	\$29,197.60	\$ 330.84	\$ 7,299.40
05/09/02	01/01/02 – 01/31/02	\$29,944.00	\$3,162.92	\$18,102.70	\$3,162.92	\$ 5,988.80
05/09/02	02/01/02 – 02/28/02	\$38,747.50	\$4,709.66	\$14,830.50	\$2,849.66	\$ 7,749.50
05/09/02	03/01/02 – 03/31/02	\$25,718.50	\$ 401.90	\$20,574.50	\$ 401.90	\$ 5,143.70
08/26/02	04/01/02 – 04/30/02	\$19,519.40	\$ 198.24	\$15,615.20	\$ 198.24	\$ 3,903.80
08/26/02	05/01/02 – 05/31/02	\$57,288.00	\$4,600.88	\$45,840.40	\$4,600.88	\$11,457.60
08/23/02	06/01/02 – 06/30/02	\$32,015.00	\$2,634.28	\$25,612.00	\$2,634.28	\$ 6,403.00
11/21/02	07/01/02 – 07/31/02	\$15,366.00	\$5,138.86	\$12,292.80	\$5,138.86	\$ 3,073.20
11/21/02	08/01/02 – 08/31/02	\$14,951.00	\$ 135.85	\$11,960.80	\$ 135.85	\$ 2,990.20
11/21/02	09/01/02 – 09/30/02	\$22,133.00	\$ 141.59	\$17,706.40	\$ 141.96	\$ 4,426.60
03/04/03	10/01/02 – 10/31/02	\$19,208.00	\$ 207.40	\$15,366.40	\$ 207.40	\$ 3,841.60
03/04/03	11/01/02 – 11/30/02	\$30,075.00	\$ 895.26	\$24,060.00	\$ 895.26	\$ 6,015.00
03/04/03	12/01/02 – 12/31/02	\$18,304.50	\$ 279.68	\$14,643.60	\$ 279.68	\$ 3,660.90
08/09/03	01/01/03 – 01/31/03	\$ 3,566.50	\$ 78.40	\$ 2,853.20	\$ 78.40	\$ 2,853.20
08/09/03	02/01/03 – 02/28/03	\$25,685.00	\$ 62.59	\$20,548.00	\$ 62.59	\$ 5,137.00
08/09/03	03/01/03 – 03/31/03	\$49,493.00	\$2,681.28	\$39,594.40	\$2,681.28	\$ 9,898.60
10/06/03	04/01/03 – 04/30/03	\$55,499.50	\$3,369.95	\$43,339.60	\$3,369.95	\$11,099.90
10/06/03	05/01/03 – 05/31/03	\$ 6,046.50	\$ 120.80	\$ 4,837.20	\$ 120.80	\$ 1,209.30
10/06/03	06/01/03 – 06/31/03	\$ 4,619.50	\$ 15.14	\$ 3,695.60	\$ 15.14	\$ 923.90
1/23/04	07/01/03 – 07/07/03	\$ 2,781.50	\$ 66.32	\$ 2,225.20	\$ 66.32	\$ 556.30

1/23/04	08/01/03 - 08/31/03	\$ 2,773.50	\$ 11.58	\$ 2,218.80	\$ 11.58	\$ 554.70
1/23/04	09/01/03 - 09/30/03	\$14,415.00	\$ 169.29	\$11,532.00	\$ 169.29	\$ 2,883.00
2/25/04	10/01/03 - 10/31/03	\$ 1,827.50	\$ 32.28	\$ 1,462.00	\$ 32.28	\$ 365.50
2/25/04	11/01/03 - 11/30/03	\$ 3,002.00	\$ 28.33	\$ 2,401.60	\$ 28.33	\$ 600.40
2/25/04	12/01/03 - 12/31/03	\$11,850.00	\$ 32.70	\$ 9,480.00	\$ 32.70	\$ 2,370.00
6/14/04	01/01/04 - 01/31/04	\$ 1,827.00	\$ 29.33	\$ 1,461.60	\$ 29.33	\$ 365.40
6/14/04	02/01/04 - 02/29/04	\$ 5,774.50	\$ 70.80	\$ 4,619.60	\$ 70.80	\$ 1,154.90
6/14/04	03/01/04 - 03/31/04	\$ 3,697.58	\$ 35.08	\$ 2,938.06	\$ 35.08	\$ 739.52
9/17/04	04/01/04 - 04/30/04	\$ 2,433.50	\$ 9.59	\$ 1,946.80	\$ 9.59	\$ 486.70
9/17/04	05/01/04 - 05/31/04	\$ 8,038.00	\$ 23.30	\$ 6,430.40	\$ 23.30	\$ 1,607.60
9/17/04	06/01/04 - 06/30/04	\$32,636.000	\$2,581.55	\$26,108.80	\$2,581.55	\$ 6,527.20
11/19/04	07/01/04 - 07/31/04	\$14,710.50	\$1,557.11	\$11,768.40	\$1,557.11	\$ 2,942.10
11/19/04	09/01/04 - 09/30/04	\$ 2,973.50	\$ 81.64	\$ 2,378.80	\$ 81.64	\$ 594.70
2/25/05	10/01/04 - 10/31/04	\$ 5,498.00	\$ 67.21	\$ 4,398.40	\$ 67.21	\$ 1,099.60
2/25/05	11/01/04 - 11/30/04	\$54,782.00	\$ 455.69	\$43,825.60	\$ 455.69	\$10,956.40
2/25/05	12/01/04 - 12/31/04	\$ 798.00	\$1,420.25	\$ 638.40	\$1,420.25	\$ 159.60
6/07/05	02/01/05 - 02/28/05	\$ 3,277.50	\$ 46.91	\$ 2,622.00	\$ 46.91	\$ 655.50
11/05/05	05/01/05 - 05/31/05	\$ 1,472.50	\$ 17.85	\$ 1,178.50	\$ 17.85	\$ 294.50
11/14/05	08/01/05 - 08/31/05	\$ 4,567.00	\$ 38.27	\$ 3,653.60	\$ 38.27	\$ 913.40
11/14/05	09/01/05 - 09/31/05	\$18,503.00	\$ 175.04	\$14,802.40	\$ 175.04	\$ 3,700.60
3/31/06	10/01/05 - 10/31/05	\$ 1,306.50	\$ 4.02	\$ 1,045.20	\$ 4.02	\$ 261.30
3/31/06	11/01/05 - 11/30/05	\$ 3,378.00	\$ 24.45	\$ 2,702.40	\$ 24.45	\$ 675.60
3/31/06	12/01/05 - 12/31/05	\$ 8,456.50	\$ 73.62	\$ 6,765.20	\$ 73.62	\$ 1,691.30
5/23/06	01/01/06 - 01/31/06	\$39,042.00	\$9,134.32	\$31,233.00	\$9,134.32	\$ 7,808.40
5/23/06	02/01/06 - 02/28/06	\$62,377.00	\$ 142.09	\$49,901.60	\$ 142.09	\$12,475.40
5/23/06	03/01/06 - 03/31/06	\$20,321.00	\$ 85.95	\$16,256.00	\$ 85.95	\$ 4,064.20
9/12/06	04/01/06 - 04/30/06	\$67,143.00	\$ 751.36	\$53,714.40	\$ 751.36	\$13,428.60
9/12/06	05/01/06 - 05/31/06	\$79,523.50	\$ 366.70	\$63,618.80	\$ 366.70	\$15,904.70
9/12/06	06/01/06 - 06/30/06	\$11,149.50	\$ 24.17	\$ 8,919.60	\$ 24.17	\$ 2,229.90
Current	07/01/06 - 07/31/06	\$15,602.50	\$ 88.56	\$12,482.00	\$ 88.56	\$ 3,120.50
Current	08/01/06 - 08/31/06	\$20,218.00	\$ 66.58	\$16,174.40	\$ 66.58	\$ 4,043.60
Current	09/01/06 - 09/30/06	\$31,624.00	\$ 16.50	\$25,299.20	\$ 16.50	\$ 6,324.80

The S&J attorneys who rendered professional services in these cases during the

July 2006 Fee Period are:

Name of Professional Person & Matter	Position with the Applicant	Number of Years As an Attorney	Department	Hourly 2006 Billing Rate	Total Billed Hours	Total Compensation
M. J. Silverman	Partner	Over 20	Tax	\$775.00	5.00	\$3,875.00
A. E. Moran	Partner	Over 20	Tax	\$495.00	5.70	\$2,821.50
M. D. Lerner	Partner	Over 20	Tax	\$610.00	3.00	\$1,830.00
S. B. Teplinsky	Partner	Over 10	Tax	\$610.00	11.60	\$7,076.00

Compensation by Matter

Matter Number	Matter	Total Hours	Total Fees Requested
20	Case Administration	0	0
29	File, Docket, Calendar Maintenance	0	0
30	Hearings	0	0
32	S&J Fee Application, Preparation of	5.70	\$2,821.50
35	Other Fee Applications	0	0
38	Retention of Professionals/Fees	0	0
41	Tax Matters		
42	Travel (1/2 total hours billed)	0	0
46	IRS Tax Litigation	19.60	\$12,781.00
	Total	25.30	\$15,602.50

Expense Summary – All attributable to subject matter 46 unless otherwise indicated.

Description	Amount
Telephone	\$ 21.96
Copies – Matter 32	\$ 9.45
Copies – Matter 46	\$ 57.15
Online Research	\$ 0
Postage	\$ 0
Federal Express/Overnight Messenger	\$ 0
Facsimile	\$ 0
Hotel	\$ 0
Working Meals	\$ 0
Local Transportation/Parking	\$ 0
Airfare	\$ 0
Total	\$ 88.56

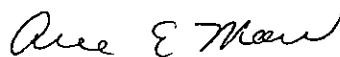
A detailed description of fees and expenses can be found at Exhibits A and B.

Nov. 28, 2006

Date:

Respectfully submitted,

STEPTOE & JOHNSON LLP



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